Wealth Builder

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Ignorance Is NOT Bliss By Linda Eden-Wallace, CFP®

Women tend to live longer than men. That is a generally accepted fact and we've all heard it. I lost my first husband when we were both 45 years old, something I was completely unprepared for. There are few things more difficult than losing your spouse, especially when you're young, but there are things that can make the situation worse. Not understanding your financial situation; how much money you have, where you have it and what you have it invested in can make life much harder at a time when one is already going through a very difficult period.

Many women take the back seat to their husbands when it comes to the family finances and investments. There are several reasons for this, some practical and some cultural. I get it. Life is busy and one of the benefits of marriage is having

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Fear and Greed By Mike Berry, CFP®

I want to admit right up front that I'm not Sigmund Freud, nor do I hold any degrees in Psychology. But I do know that there are certain psychological behaviors that affect investor behavior. Two of the strongest are fear and greed.

Fear is a feeling induced by perceived danger. It actually causes a change in metabolic and organ functions. It also occurs whether the threat is real or imagined. With investors, the perceived danger is the fear of losing their money because the investment(s) they own go bad. The other perceived danger is that the stock market in general will crash and all investments will be worthless. When the market is going through one of its volatile cycles, investors feel this threat is very real because every minute of every day they can click an app on

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> *"The point is, both partners need to know how to step in and manage the finances should the need arise, because at some point it will."*

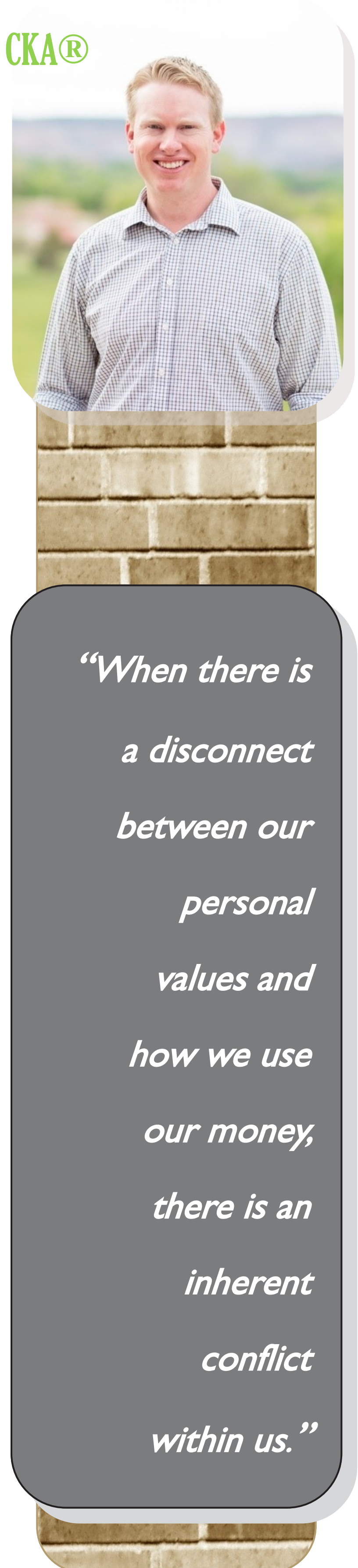
someone to help manage all the things that have to be done in life. We tend to divvy up the household responsibilities and someone ends up with the finances. That someone is usually the husband. That's not necessarily a bad thing except that managing the finances is a much different responsibility than grocery shopping. One can manage to put food on the shelves fairly easily. But managing the family finances and investment portfolios has a much bigger learning curve for most people, especially if you've never done it. It's not uncommon for a woman to come into our office after losing her husband carrying a box full of statements with a deer-in-the-headlights look on her face. It's the worst time to try and understand your finances.

A report written by UBS Global Wealth Management Today surveyed 3,652 women around the world and found 58% defer long-term financial decisions to their spouses or ex-spouses. Participants included married women with at least $1 million in investible assets and 1,401 who were divorced or widowed. Men have traditionally taken the lead in handling family finances and gender roles run deep. That continues to be the case with millennials. Surprisingly enough that same survey found that more millennial women pass managing the household finances on to their husbands than do women of older generations. You can read the full report at https://www.ubs.com/global/en/ubs-news/r-news-display-ndp/en-20190306-study-reveals-multi-generational-problem.html

This is not to beat up on men for keeping their women "in the dark." I've seen that same deer-in-the-headlights look on the face of a recently widowed husband. The point is, both partners need to know how to step in and manage the finances should the need arise, because at some point it will. No matter the age or background, the challenge of catching up on the family finances during a traumatic life transition is overwhelming.

While this situation has been talked about often, the trend isn't changing very quickly. If this rings true in your marriage, you can begin to change that pretty easily. Start by sitting down together on a regular basis and review where your financial accounts are located and how much is in each of them. Make a list of each account and the name of the financial advisor or banker who can help you with that account. Also list the beneficiaries on each account. This should be done with your insurance policies too. List the policy number, the name of the insurance company and the agent. Make a note of what each policy covers – life, automobiles, house, etc. – and any beneficiaries listed on the policies. Make sure to list where the original policies are kept. This is also true of your Wills, Power of Attorney and Trust documents. Both spouses need to know how to access these accounts and documents should they need to. This can be a fairly easy process if you take the time to do it. And if you do, you'll be giving your spouse one of the greatest gifts you can give them. Peace of mind. ♦

MAXIMIZE YOUR ACCOUNT VALUES BY DAN FUNDERBURK, CFP®, CKA®



In today's world we seem to do whatever we can to maximize our various accounts. We have savings accounts, checking accounts, retirement accounts, credit cards, and mortgages. We try to balance enjoying today with saving and planning for tomorrow. So how do we make sure we're maximizing the values in our accounts? I would argue it has less to do with account balances, and more to do with account transactions.

What do I mean? Simply this: To get the most out of our various accounts, we should make our *account* values match our *heart* values. The balances and transactions in our accounts should align with our personal and family values. I've found our most content and joyful clients are those whom consistently use their accounts this way. It doesn't matter whether we're discussing their investment portfolio or their monthly cash flow, all their accounts are being used in a manner that emulates their personal values.

In practice, this means if you value security, build some savings so you're ready when emergencies happen. If you value family, spend some money to bring joy to your family, and do what you can to make sure they will be ok if something happens to you. If you value generosity, give. If you value financial freedom, pay off debt.

As a Christian, I value living a life that honors God. This realization permeates every facet of my life, but it is especially true when it comes to money. Jesus spoke more about money than any other topic, so it's clear He thinks our handling of money is important. Over the last few years I've learned quite a bit about what Jesus says concerning money. As a result, Hollie and I have had great conversations and have been able to more effectively align our financial lives with our family value of honoring God. This has led to more peace and contentment in our lives.

When there is a disconnect between our personal values (meaning what is truly important to us), and how we use our money, there is an inherent conflict within us. We know we're not using our money as we should, and that creates anxiety and stress. If we take the time to align our use of money with our personal values, we'll find that much of the stress and anxiety money can bring is replaced by peace, contentment, and purpose. ♦

FEAR AND GREED *Continued from p. 1*

their phone or hop on a website and find out how much the market is "down" today. They can also hear from friends and colleagues who are "selling out" before it all goes crashing down. The fear now is heightened, and it begins to cause a change in the metabolism of the investor, and he begins to make bad and irrational decisions about his investments. Like selling when his investments are down 20%. Part of what you pay an advisor for is to help you overcome your fear, and think rationally when others aren't. I often tell my fearful clients during a bad time in the financial markets to step back and look around. Are people still buying hamburgers at McDonalds. Are they still filling their cars up with gas from Chevron, Exxon, Conoco? Life is still pretty normal even when stock prices are down.

"Part of what you pay an advisor for is to help you overcome your fear, and think rationally when others aren't."

As a secular psychological concept, greed is an inordinate desire to possess or acquire more than one needs. Greed causes people to assume more risk that what they should. Greed drove the tech bubble of the late 1990's. Investors were putting money into start-up companies with no assets or business plans simply because they had a "dot.com" in their name. These stocks would fly up in value only to fizzle and dry up when the company didn't make it. The get rich quick greed caused many investors to lose a lot of money. Investing is not for the greedy because it is a balanced effort to achieve good returns in a managed risk environment. This is also where your advisor can help by showing you the risk versus return potential of an investment. He can help you see that enough is good enough. "Coach" (and you know who you are), told me a long time ago that "pigs get fat and hogs get slaughtered." You got to know what trough to eat from and what trough to stay away from.

These two factors typically cause the normal investor to bail out of their investments when the stock market is at its bottom. Then they become overly cautious, not wanting to feel that same anxiety and fear again. So, they sit and wait while the stock market turns around and begins moving forward. They wait, and wait, seeing others gaining back lost ground. The fear begins to subside, and the greed begins to set in. Finally, they jump back in, more aggressively than they should because they want to quickly make back the previous losses. This is typically at the end of the bull market cycle. And you can guess what happens.

So, overcoming these psychological behaviors is important to successful, long term investing. Having the courage to be a buyer when others are selling and having the self-control to not try and "make a killing" or follow the hot investment are keys to keeping your investment course on a steady path. ♦

Lunar Inflation By Jeff Funderburk, CFP®

July 20, 2019 marked the 50th anniversary of man first setting foot on the moon. I've always been fascinated with space and the science behind how we study it, and how there are still so many mysteries yet to be solved. Recently I've been reading numerous articles, interviews, and accounts of the lunar landing and I find myself amazed at the technology advances that were made to achieve such a lofty goal. I'm in awe of the courage displayed by all the men and women involved. The sacrifices required to realize a successful touchdown and return home for Apollo 11 were incredible.

While appreciating the accomplishment I found myself wondering what life was like in 1969. Of course, I can only imagine it since I didn't touch down on earth until 13 years later, but being the numbers nerd that I am I found myself digging into what things cost in 1969. When looking at inflation what you're really looking at is purchasing power. Based on Consumer Price Index (CPI) data from the Bureau of Labor Statistics, to buy the same basket of goods that cost $100 in 1969 you would need $698 in 2019. That's nearly a 600% increase in prices – yikes!

Those of you that lived through the great inflation from the mid-1960s to the early-1980s probably aren't at all surprised. You saw inflation increase from a little more than 1% in 1964 to more than 14% in 1980. What may surprise you though is that even given this unusually high inflationary period, the average annual inflation rate from 1969 to 2019 is 3.96%.

The Fed has a target of 2% inflation and bases its monetary policy on this target (along with a goal of maximum employment). In recent years we've had inflation levels slightly below this target. This is a direct result of the great recession as the Fed lowered interest rates to encourage economic growth, and to slowly raise inflation towards its 2% target in a controlled manner.

My takeaway as I climb out of this rabbit hole is that for most of us, year-to-year inflation is *normally* not all that impactful to our day-to day lives. But when planning for longer term goals; retirement, college, or space travel for example, inflation is a factor that should not be ignored.

According to the Planetary Society, if we were to undertake the entire lunar program today, which cost $28 billion back then, it would cost $288.1 billion! ♦

www.planetary.org/get-involved/be-a-space-advocate/become-an-expert/cost-of-apollo-program.html

Project Apollo, 1960 - 1973	**Actual**	**Inflation**
Spacecraft	$8.1 billion	$81.3 billion
Launch Vehicles	$9.4 billion	$99 billion
Development & Operations	$3.1 billion	$28.7 billion
Direct Project Costs	**$20.6 billion**	**$209 billion**
Ground Facilities, Salaries, & Overhead	$5.2 billion	$53.8 billion
Total Project Apollo	**$25.8 billion**	**$263.8 billion**
Robotic Lunar Program	$907 million	$10.3 billion
Project Gemini	$1.3 billion	$14.1 billion
Total Lunar Effort	**$28 billion**	**$288.1 billion**

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